

_____ BILL NO. _____

INTRODUCED BY _____

(Primary Sponsor)

A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING PROPERTY TAX REIMBURSEMENTS TO SCHOOL DISTRICTS THAT LOSE 5 PERCENT OR MORE OF THEIR TAXABLE VALUE FROM THE REMOVAL OF HYDROELECTRIC FACILITIES FROM THE PROPERTY TAX BASE BECAUSE OF GROUND WATER POLLUTION; PROVIDING A METHOD FOR DETERMINING PROPERTY TAX REIMBURSEMENTS; PROVIDING PROGRESSIVELY REDUCED PROPERTY TAX REIMBURSEMENTS AFTER THE FIRST YEAR; ELIMINATING PROPERTY TAX REIMBURSEMENTS TO AN ELIGIBLE SCHOOL DISTRICT IF THE SCHOOL DISTRICT IS DISSOLVED OR IS COMBINED WITH ANOTHER SCHOOL DISTRICT; ELIMINATING THE PROPERTY TAX REIMBURSEMENT IF THE TAXABLE VALUE OF AN ELIGIBLE SCHOOL DISTRICT REACHES A CERTAIN LEVEL; ESTABLISHING A HYDROELECTRIC FACILITY PROPERTY TAX REIMBURSEMENT ACCOUNT; ALLOCATING A PORTION OF THE INTEREST EARNINGS FROM THE RESOURCE INDEMNITY TRUST FUND TO THE HYDROELECTRIC FACILITY PROPERTY TAX REIMBURSEMENT ACCOUNT; PROVIDING FOR A STATUTORY APPROPRIATION OF MONEY FROM THE HYDROELECTRIC FACILITY PROPERTY TAX REIMBURSEMENT ACCOUNT FOR THE PAYMENT OF PROPERTY TAX REIMBURSEMENTS; AND AMENDING SECTIONS 15-38-202, 15-38-203, AND 17-7-502, MCA."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. Section 1. Reimbursement for lost property tax base. (1) If a hydroelectric facility is demolished or is otherwise removed from the property tax base of a school district because of ground water pollution associated with the facility and the removal of the facility reduces the taxable value of the school district by 5% or more in the tax year immediately following the year in which the facility is demolished or otherwise removed from the property tax base of the school district, the school district is entitled to a reimbursement under this section.

(2) (a) Upon certifying the taxable value of a school district in the tax year immediately following the year in which the hydroelectric facility is demolished or otherwise removed from the property tax base of the school district, the department shall determine whether the school district has lost 5% or more of its taxable value from

the previous tax year because of the removal of the hydroelectric facility from the property tax base. If the department determines that a school district has lost 5% or more of its taxable value in the tax year immediately following the tax year in which the hydroelectric facility was removed from the property tax base and that loss is attributable to the removal of the hydroelectric facility, the department shall calculate the amount of revenue lost to the school district, using school district mill levies in the previous tax year and the taxable value of the hydroelectric facility in the previous tax year. The calculation must take into account any reduction in the taxable value of land associated with the hydroelectric facility.

(b) The amount of the reimbursement is equal to the sum of the amount determined by multiplying the taxable value of the hydroelectric facility in the school district in the previous tax year by the applicable school district mill levies in the previous tax year.

(c) Applicable school district levies include school district levies authorized under Title 20, chapters 7, 9, and 10, but do not include county or state equalization mill levies provided for in 20-9-331, 20-9-333, or 20-9-360, county transportation mill levies provided for in 20-10-146, or elementary school or high school retirement levies provided for in 20-9-501.

(3) (a) The department shall remit to the county treasurer in the first tax year after the hydroelectric facility was demolished 50% of the amount of revenue reimbursable, determined pursuant to subsection (2), on or before November 30 and the remaining 50% on or before May 31.

(b) (i) Subject to subsections (3)(c) and (3)(d), for the first tax year immediately following the first fiscal year in which a reimbursement was made through the ninth tax year, the department shall remit to the county treasurer of the county in which a school district is entitled to a reimbursement under this section the same amount remitted to the county treasurer for the first fiscal year for which a reimbursement was made, progressively reduced by 5% of the first fiscal year amount each year, in accordance with the following schedule:

Tax Year Following the First Reimbursement	Percentage of Reimbursement Amount
1	95
2	90
3	85
4	80
5	75
6	70

1	7	65
2	8	60
3	9	55
4	10 and following years	0

5 (ii) Fifty percent of the amount must be remitted on or before November 30 and the remaining 50% on
6 or before May 31.

7 (c) A reimbursement is not permitted under this section if the school district is dissolved or combined
8 with another school district.

9 (d) If in the current tax year the taxable value of the school district is greater than 95% of the taxable
10 value of the school district in the tax year in which the hydroelectric facility was demolished, the school district
11 is not entitled to a reimbursement in the current tax year or in subsequent tax years.

12 (4) Upon receipt of the reimbursement from the department, the county treasurer shall distribute the
13 reimbursement to each affected school district as calculated by the department.

14 (5) For the purposes of this section, "hydroelectric facility" means a turbine generator or any
15 combination of physically connected turbine generators at a single site that are driven by falling water and that
16 produce electricity. The term includes associated improvements, transmission facilities, and personal property.

17 (6) The amounts necessary for the administration of this section are statutorily appropriated, as provided
18 in 17-7-502, from the hydroelectric facility property tax reimbursement account established in [section 2] to
19 reimburse eligible school districts for reductions in the property tax base resulting from the removal of
20 hydroelectric facilities.

21
22 **NEW SECTION. Section 2. Hydroelectric facility property tax reimbursement account.** (1) There
23 is a hydroelectric facility property tax reimbursement special revenue account in the state special revenue fund
24 established in 17-2-102.

25 (2) There must be deposited in the hydroelectric facility property tax reimbursement account interest
26 income from the resource indemnity trust fund as provided in 15-38-202(2)(a)(i).

27 (3) The money in the hydroelectric facility property tax reimbursement account must be used to
28 reimburse local school districts as provided in [section 1].

29

30 **Section 3.** Section 15-38-202, MCA, is amended to read:

1 **"15-38-202. (Temporary) Investment of resource indemnity trust fund -- expenditure -- minimum**
2 **balance.** (1) All money paid into the resource indemnity trust fund, including money payable into the fund under
3 the provisions of 15-36-324 and 15-37-117, must be invested at the discretion of the board of investments. Only
4 the net earnings, excluding unrealized gains and losses, may be appropriated and expended until the fund
5 balance, excluding unrealized gains and losses, reaches \$100 million. Thereafter, all net earnings, excluding
6 unrealized gains and losses, and all receipts may be appropriated by the legislature and expended, provided
7 that the fund balance, excluding unrealized gains and losses, may never be less than \$100 million.

8 (2) (a) At the beginning of each fiscal year, there is allocated from the interest income of the resource
9 indemnity trust fund:

10 (i) (A) except as provided in subsection (2)(a)(i)(B), the amount determined each fiscal year by the
11 department, to be deposited into the hydroelectric facility property tax reimbursement account established in
12 [section 2] for providing property tax reimbursements under [section 1];

13 (B) the amount determined by the department under [section 1(2)(b)], to be deposited into the
14 hydroelectric facility property tax reimbursement account established in [section 2] on or before November 1 of
15 the first year in which a property tax reimbursement is to be made to a school district;

16 ~~(i)(ii)~~ (ii) \$240,000, which is statutorily appropriated, as provided in 17-7-502, to be deposited into the
17 renewable resource grant and loan program state special revenue account to support the operations of the
18 environmental science-water quality instructional programs at Montana state university-northern, to be used for
19 support costs, for matching funds necessary to attract additional funds to further expand statewide impact, and
20 for enhancement of the facilities related to the programs. Any amount of the appropriation in this subsection
21 ~~(2)(a)(i)~~ (2)(a)(ii) that is not pledged to repay bonds issued prior to January 1, 1999, may be deposited in a
22 permanent fund account, the income from which may be used for the purposes provided in this subsection.

23 ~~(ii)(iii)~~ (iii) \$2 million to be deposited into the renewable resource grant and loan program state special
24 revenue account, created by 85-1-604, for the purpose of making grants;

25 ~~(iii)(iv)~~ (iv) for the fiscal year beginning July 1, 2002, through the fiscal year ending June 30, 2005, \$1.2
26 million and for fiscal years beginning on or after July 1, 2005, \$1.5 million to be deposited into the reclamation
27 and development grants special revenue account, created by 90-2-1104, for the purpose of making grants;

28 ~~(iv)(v)~~ (v) \$300,000 to be deposited into the ground water assessment account created by 85-2-905; and

29 ~~(v)(vi)~~ (vi) for the fiscal year beginning July 1, 2002, through the fiscal year ending June 30, 2005, \$350,000
30 and for fiscal years beginning on or after July 1, 2005, \$500,000 to the department of fish, wildlife, and parks

for the purposes of 87-1-283. The future fisheries review panel shall approve and fund qualified mineral reclamation projects before other types of qualified projects.

(b) At the beginning of each biennium, there is allocated from the interest income of the resource indemnity trust fund:

(i) an amount not to exceed \$175,000 to the environmental contingency account pursuant to the conditions of 75-1-1101;

(ii) an amount not to exceed \$50,000 to the oil and gas production damage mitigation account pursuant to the conditions of 82-11-161; and

(iii) \$500,000 to be deposited into the water storage state special revenue account created by 85-1-631.

(c) The remainder of the interest income is allocated as follows:

(i) For the fiscal year beginning July 1, 2002, through the fiscal year ending June 30, 2005, 25.5% and for fiscal years beginning on or after July 1, 2005, 30% of the interest income of the resource indemnity trust fund must be allocated to the renewable resource grant and loan program state special revenue account created by 85-1-604.

(ii) For the fiscal year beginning July 1, 2002, through the fiscal year ending June 30, 2005, 22% and for fiscal years beginning on or after July 1, 2005, 26% of the interest income of the resource indemnity trust fund must be allocated to the hazardous waste/CERCLA special revenue account provided for in 75-10-621.

(iii) For the fiscal year beginning July 1, 2002, through the fiscal year ending June 30, 2005, 45% and for fiscal years beginning on or after July 1, 2005, 35% of the interest income from the resource indemnity trust fund must be allocated to the reclamation and development grants account provided for in 90-2-1104.

(iv) For the fiscal year beginning July 1, 2002, through the fiscal year ending June 30, 2005, 7.5% and for fiscal years beginning on or after July 1, 2005, 9% of the interest income of the resource indemnity trust fund must be allocated to the environmental quality protection fund provided for in 75-10-704.

(3) Any formal budget document prepared by the legislature or the executive branch that proposes to appropriate funds other than as provided for by the allocations in subsection (2) must specify the amount of money from each allocation that is proposed to be diverted and the proposed use of the diverted funds. A formal budget document includes a printed and publicly distributed budget proposal or recommendation, an introduced bill, or a bill developed during the legislative appropriation process or otherwise during a legislative session. (Terminates July 1, 2009--sec. 9, Ch. 529, L. 1999.)

15-38-202. (Effective July 1, 2009) Investment of resource indemnity trust fund -- expenditure --

1 **minimum balance.** (1) All money paid into the resource indemnity trust fund, including money payable into the
2 fund under the provisions of 15-36-324 and 15-37-117, must be invested at the discretion of the board of
3 investments. Only the net earnings, excluding unrealized gains and losses, may be appropriated and expended
4 until the fund balance, excluding unrealized gains and losses, reaches \$100 million. Thereafter, all net earnings,
5 excluding unrealized gains and losses, and all receipts may be appropriated by the legislature and expended,
6 provided that the fund balance, excluding unrealized gains and losses, may never be less than \$100 million.

7 (2) (a) At the beginning of each fiscal year, there is allocated from the interest income of the resource
8 indemnity trust fund:

9 (i) (A) except as provided in subsection (2)(a)(i)(B), the amount determined each fiscal year by the
10 department, to be deposited into the hydroelectric facility property tax reimbursement account established in
11 [section 2] for providing property tax reimbursements under [section 1];

12 (B) the amount determined by the department under [section 1(2)(b)], to be deposited into the
13 hydroelectric facility property tax reimbursement account established in [section 2] on or before November 1 of
14 the first year in which a property tax reimbursement is to be made to a school district;

15 ~~(i)(ii)~~ (ii) \$240,000, which is statutorily appropriated, as provided in 17-7-502, to be deposited into the
16 renewable resource grant and loan program state special revenue account to support the operations of the
17 environmental science-water quality instructional programs at Montana state university-northern, to be used for
18 support costs, for matching funds necessary to attract additional funds to further expand statewide impact, and
19 for enhancement of the facilities related to the programs. Any amount of the appropriation in this subsection
20 ~~(2)(a)(i)~~ (2)(a)(ii) that is not pledged to repay bonds issued prior to January 1, 1999, may be deposited in a
21 permanent fund account, the income from which may be used for the purposes provided in this subsection.

22 ~~(ii)(iii)~~ (iii) \$2 million to be deposited into the renewable resource grant and loan program state special
23 revenue account, created by 85-1-604, for the purpose of making grants;

24 ~~(iii)(iv)~~ (iv) \$1.5 million to be deposited into the reclamation and development grants special revenue
25 account, created by 90-2-1104, for the purpose of making grants; and

26 ~~(iv)(v)~~ (v) \$300,000 to be deposited into the ground water assessment account created by 85-2-905.

27 (b) At the beginning of each biennium, there is allocated from the interest income of the resource
28 indemnity trust fund:

29 (i) an amount not to exceed \$175,000 to the environmental contingency account pursuant to the
30 conditions of 75-1-1101;

(ii) an amount not to exceed \$50,000 to the oil and gas production damage mitigation account pursuant to the conditions of 82-11-161; and

(iii) \$500,000 to be deposited into the water storage state special revenue account created by 85-1-631.

(c) The remainder of the interest income is allocated as follows:

(i) Thirty percent of the interest income of the resource indemnity trust fund must be allocated to the renewable resource grant and loan program state special revenue account created by 85-1-604.

(ii) Twenty-six percent of the interest income of the resource indemnity trust fund must be allocated to the hazardous waste/CERCLA special revenue account provided for in 75-10-621.

(iii) Thirty-five percent of the interest income from the resource indemnity trust fund must be allocated to the reclamation and development grants account provided for in 90-2-1104.

(iv) Nine percent of the interest income of the resource indemnity trust fund must be allocated to the environmental quality protection fund provided for in 75-10-704.

(3) Any formal budget document prepared by the legislature or the executive branch that proposes to appropriate funds other than as provided for by the allocations in subsection (2) must specify the amount of money from each allocation that is proposed to be diverted and the proposed use of the diverted funds. A formal budget document includes a printed and publicly distributed budget proposal or recommendation, an introduced bill, or a bill developed during the legislative appropriation process or otherwise during a legislative session. (Terminates June 30, 2014--sec. 5, Ch. 497, L. 1999.)

15-38-202. (Effective July 1, 2014) Investment of resource indemnity trust fund -- expenditure -- minimum balance. (1) All money paid into the resource indemnity trust fund, including money payable into the fund under the provisions of 15-36-324 and 15-37-117, must be invested at the discretion of the board of investments. Only the net earnings, excluding unrealized gains and losses, may be appropriated and expended until the fund balance, excluding unrealized gains and losses, reaches \$100 million. Thereafter, all net earnings, excluding unrealized gains and losses, and all receipts may be appropriated by the legislature and expended, provided that the fund balance, excluding unrealized gains and losses, may never be less than \$100 million.

(2) (a) At the beginning of each fiscal year, there is allocated from the interest income of the resource indemnity trust fund:

(i) (A) except as provided in subsection (2)(a)(i)(B), the amount determined each fiscal year by the department, to be deposited into the hydroelectric facility property tax reimbursement account established in [section 2] for providing property tax reimbursements under [section 1];

1 (B) the amount determined by the department under [section 1(2)(b)], to be deposited into the
2 hydroelectric facility property tax reimbursement account established in [section 2] on or before November 1 of
3 the first year in which a property tax reimbursement is to be made to a school district;

4 ~~(i)~~(ii) \$2 million to be deposited into the renewable resource grant and loan program state special
5 revenue account, created by 85-1-604, for the purpose of making grants;

6 ~~(ii)~~(iii) \$1.5 million to be deposited into the reclamation and development grants special revenue account,
7 created by 90-2-1104, for the purpose of making grants; and

8 ~~(iii)~~(iv) \$300,000 to be deposited into the ground water assessment account created by 85-2-905.

9 (b) At the beginning of each biennium, there is allocated from the interest income of the resource
10 indemnity trust fund:

11 (i) an amount not to exceed \$175,000 to the environmental contingency account pursuant to the
12 conditions of 75-1-1101;

13 (ii) an amount not to exceed \$50,000 to the oil and gas production damage mitigation account pursuant
14 to the conditions of 82-11-161; and

15 (iii) \$500,000 to be deposited into the water storage state special revenue account created by 85-1-631.

16 (c) The remainder of the interest income is allocated as follows:

17 (i) Thirty percent of the interest income of the resource indemnity trust fund must be allocated to the
18 renewable resource grant and loan program state special revenue account created by 85-1-604.

19 (ii) Twenty-six percent of the interest income of the resource indemnity trust fund must be allocated to
20 the hazardous waste/CERCLA special revenue account provided for in 75-10-621.

21 (iii) Thirty-five percent of the interest income from the resource indemnity trust fund must be allocated
22 to the reclamation and development grants account provided for in 90-2-1104.

23 (iv) Nine percent of the interest income of the resource indemnity trust fund must be allocated to the
24 environmental quality protection fund provided for in 75-10-704.

25 (3) Any formal budget document prepared by the legislature or the executive branch that proposes to
26 appropriate funds other than as provided for by the allocations in subsection (2) must specify the amount of
27 money from each allocation that is proposed to be diverted and the proposed use of the diverted funds. A formal
28 budget document includes a printed and publicly distributed budget proposal or recommendation, an introduced
29 bill, or a bill developed during the legislative appropriation process or otherwise during a legislative session."

30

1 **Section 4.** Section 15-38-203, MCA, is amended to read:

2 **"15-38-203. Purpose of fund usage -- limitation on future use.** (1) ~~Any~~ Except for the property tax
3 reimbursement provided for in [section 1], any funds made available under this chapter must be used and
4 expended to improve the total environment and rectify damage to the environment.

5 (2) It is the intent of the legislature that future appropriations from the resource indemnity trust interest
6 not be made to fund general operating expenses of state agencies."

7
8 **Section 5.** Section 17-7-502, MCA, is amended to read:

9 **"17-7-502. Statutory appropriations -- definition -- requisites for validity.** (1) A statutory
10 appropriation is an appropriation made by permanent law that authorizes spending by a state agency without
11 the need for a biennial legislative appropriation or budget amendment.

12 (2) Except as provided in subsection (4), to be effective, a statutory appropriation must comply with both
13 of the following provisions:

14 (a) The law containing the statutory authority must be listed in subsection (3).

15 (b) The law or portion of the law making a statutory appropriation must specifically state that a statutory
16 appropriation is made as provided in this section.

17 (3) The following laws are the only laws containing statutory appropriations: 2-15-151; 2-17-105;
18 5-13-403; 10-3-203; 10-3-310; 10-3-312; 10-3-314; 10-4-301; 15-1-111; 15-1-113; 15-1-121; [section 1];
19 15-23-706; 15-35-108; 15-36-324; 15-37-117; 15-38-202; 15-65-121; 15-70-101; 17-3-106; 17-3-212; 17-3-222;
20 17-3-241; 17-6-101; 17-7-304; 18-11-112; 19-3-319; 19-9-702; 19-13-604; 19-17-301; 19-18-512; 19-19-305;
21 19-19-506; 19-20-604; 20-8-107; 20-9-534; 20-9-622; 20-26-1503; 22-3-1004; 23-5-306; 23-5-409; 23-5-612;
22 23-5-631; 23-7-301; 23-7-402; 37-43-204; 37-51-501; 39-71-503; 42-2-105; 44-12-206; 44-13-102; 50-4-623;
23 53-6-703; 53-24-206; 75-1-1101; 75-5-1108; 75-6-214; 75-11-313; 80-2-222; 80-4-416; 80-5-510; 80-11-518;
24 82-11-161; 87-1-513; 90-3-1003; 90-6-710; and 90-9-306.

25 (4) There is a statutory appropriation to pay the principal, interest, premiums, and costs of issuing,
26 paying, and securing all bonds, notes, or other obligations, as due, that have been authorized and issued
27 pursuant to the laws of Montana. Agencies that have entered into agreements authorized by the laws of Montana
28 to pay the state treasurer, for deposit in accordance with 17-2-101 through 17-2-107, as determined by the state
29 treasurer, an amount sufficient to pay the principal and interest as due on the bonds or notes have statutory
30 appropriation authority for the payments. (In subsection (3): pursuant to Ch. 422, L. 1997, the inclusion of

1 15-1-111 terminates on July 1, 2008, which is the date that section is repealed; pursuant to sec. 10, Ch. 360,
2 L. 1999, the inclusion of 19-20-604 terminates when the amortization period for the teachers' retirement system's
3 unfunded liability is 10 years or less; pursuant to sec. 4, Ch. 497, L. 1999, the inclusion of 15-38-202 terminates
4 July 1, 2014; pursuant to sec. 10(2), Ch. 10, Sp. L. May 2000, the inclusion of 15-35-108 and 90-6-710
5 terminates June 30, 2005; pursuant to sec. 17, Ch. 414, L. 2001, the inclusion of 2-15-151 terminates December
6 31, 2006; and pursuant to sec. 2, Ch. 594, L. 2001, the inclusion of 17-3-241 becomes effective July 1, 2003.)"

7
8 **NEW SECTION. Section 6. Codification instruction.** [Sections 1 and 2] are intended to be codified
9 as an integral part of Title 15, chapter 1, part 1, and the provisions of Title 15, chapter 1, part 1, apply to [sections
10 1 and 2].

11 - END -